

**BEFORE**  
**THE PUBLIC SERVICE COMMISSION**  
**OF SOUTH CAROLINA**

**DOCKET NO. 2014-346-WS**

IN RE: Application of Daufuskie Island Utility Company, Inc.  
For Adjustment of Rates and Charges

**APPLICANT'S SECOND SET OF INTERROGATORIES AND  
REQUESTS FOR PRODUCTION TO OFFICE OF REGULATORY STAFF**

TO: Andrew M. Bateman, Counsel, Office of Regulatory Staff

Daufuskie Island Utility Company ("DIUC") hereby requests the Office of Regulatory Staff ("ORS") respond to the following Second Set of Interrogatories and Requests for Production in accordance with S.C. Public Service Commission Rule 103-833. **Due to the expedited schedule in this matter, response are required no later than November 24, 2017.**

**DEFINITIONS**

1. AS USED HEREIN, "APPLICANT" AND "DIUC" SHALL MEAN DAUFUSKIE ISLAND UTILITY COMPANY, INC.
2. AS USED HEREIN, HAIG POINT CLUB AND COMMUNITY ASSOCIATION, INC. ("HPCCA") SHALL MEAN HPCCA, WITH ITS EMPLOYEES, AGENTS, CONSULTANTS, EXPERTS, PARENTS, SUBSIDIARIES, AFFILIATES, AND PARTNER COMPANIES AND OTHER OPERATIONAL OR FUNCTIONAL UNITS AND ALL OFFICERS, DIRECTORS, EMPLOYEES, AGENTS AND REPRESENTATIVES OF THESE ENTITIES. IT ALSO INCLUDES ALL OTHER PERSONS ACTING ON BEHALF OF HPCCA.
3. AS USED HEREIN, MELROSE PROPERTY OWNER'S ASSOCIATION, INC. ("MPOA") SHALL MEAN MPOA, WITH ITS EMPLOYEES, AGENTS, CONSULTANTS, EXPERTS, PARENTS, SUBSIDIARIES, AFFILIATES, AND PARTNER COMPANIES AND OTHER OPERATIONAL OR FUNCTIONAL UNITS AND ALL OFFICERS, DIRECTORS, EMPLOYEES, AGENTS AND REPRESENTATIVES OF THESE ENTITIES. IT ALSO INCLUDES ALL OTHER PERSONS ACTING ON BEHALF OF MPOA.
4. AS USED HEREIN, BLOODY POINT PROPERTY OWNER'S ASSOCIATION, INC. ("BPPOA") SHALL MEAN BPPOA, WITH ITS EMPLOYEES, AGENTS, CONSULTANTS, EXPERTS, PARENTS, SUBSIDIARIES, AFFILIATES, AND PARTNER COMPANIES AND OTHER OPERATIONAL OR FUNCTIONAL UNITS AND ALL OFFICERS, DIRECTORS, EMPLOYEES, AGENTS AND REPRESENTATIVES OF THESE ENTITIES. IT ALSO INCLUDES ALL OTHER PERSONS ACTING ON BEHALF OF BPPOA.

5. AS USED HEREIN, BEACH FIELD PROPERTIES, LLC (“BEACH FIELD”) SHALL MEAN BEACH FIELD WITH ITS EMPLOYEES, AGENTS, CONSULTANTS, EXPERTS, PARENTS, SUBSIDIARIES, AFFILIATES, AND PARTNER COMPANIES AND OTHER OPERATIONAL OR FUNCTIONAL UNITS AND ALL OFFICERS, DIRECTORS, EMPLOYEES, AGENTS AND REPRESENTATIVES OF THESE ENTITIES. IT ALSO INCLUDES ALL OTHER PERSONS ACTING ON BEHALF OF BEACH FIELD.

6. AS USED HEREIN, “INTERVENOR” AND “INTERVENORS” AND “POAS” SHALL MEAN INDIVIDUALLY AND COLLECTIVELY THE PARTIES WHO WERE GRANTED STATUS AS INTERVENORS BY PSC ORDERS 2015-584 AND 2015-585, NAMELY HPPCA, MPOA, BPPOA, AND BEACH FIELD.

7. AS USED HEREIN, “THIS PROCEEDING” AND “THIS MATTER” SHALL MEAN THE APPLICATION PROCEEDINGS CAPTIONED AS *IN RE: APPLICATION OF DAUFUSKIE ISLAND UTILITY COMPANY, INC. FOR ADJUSTMENT OF RATES AND CHARGES, SOUTH CAROLINA PUBLIC SERVICE COMMISSION*, SC PSC DOCKET NO. 2014-346-WS.

8. PLEASE CONSTRUE "AND" AS WELL AS "OR" BOTH DISJUNCTIVELY OR CONJUNCTIVELY AS MAY BE NECESSARY TO BRING WITHIN THE SCOPE OF THESE INTERROGATORIES ANY INFORMATION WHICH MIGHT OTHERWISE BE CONSTRUED OUTSIDE THEIR SCOPE.

9. "DOCUMENT" SHALL MEAN ANY WRITTEN, PRINTED, TYPED, RECORDED, PHOTOGRAPHIC OR OTHER GRAPHIC MATTER OF ANY KIND OR NATURE, AND ALL MECHANICAL AND ELECTRICAL SOUND RECORDINGS AND ANY TRANSCRIPTS THEREOF, AND COMPUTER DATA FILES IN YOUR POSSESSION, CUSTODY, AND/OR CONTROL, OR KNOWN BY YOU TO EXIST; IT SHALL ALSO MEAN ALL COPIES OF DOCUMENTS BY WHATEVER MEANS MADE. IT INCLUDES WRITTEN CORRESPONDENCE AND ANY CORRESPONDENCE THAT CAN BE PRINTED FROM ITS CURRENT MEDIUM, WHETHER THAT IS FROM EMAIL, TEXT MESSAGING, AND/OR ANY OTHER MEANS OF STORED OR RETRIEVABLE COMMUNICATION.

10. "IDENTIFY" OR "IDENTITY" USED WITH REFERENCE TO AN INDIVIDUAL MEANS TO STATE HIS OR HER FULL NAME, PRESENT OR LAST KNOWN ADDRESS, PRESENT OR LAST KNOWN POSITION AND BUSINESS AFFILIATION, AND EMPLOYER, TITLE, AND POSITION AT THE TIME IN QUESTION.

11. "IDENTIFY" OR "IDENTITY" USED WITH REFERENCE TO A DOCUMENT OR WRITING MEANS TO STATE THE DATE, AUTHOR, TYPE OF DOCUMENT (E.G. LETTER, MEMORANDUM, TELEGRAM, CHART, NOTE APPLICATION, ETC.) OR OTHER MEANS OF IDENTIFICATION, AND ITS PRESENT LOCATION OR CUSTODIAN. IF ANY SUCH DOCUMENT IS NO LONGER IN YOUR POSSESSION OR SUBJECT TO YOUR CONTROL, STATE WHAT DISPOSITION WAS MADE OF IT.

12. "YOU" AND "YOURS" INCLUDE THE PARTY UPON WHOM THIS DISCOVERY IS DIRECTED, AND ANY OF ITS MEMBERS, INDIVIDUALLY, WHO HAVE KNOWLEDGE OR CONTROL OF INFORMATION REQUESTED IN THE DISCOVERY REQUESTS.

13. AS USED HEREIN, "ORS" SHALL MEAN THE OFFICE OF REGULATORY STAFF.

### **INTERROGATORIES AND REQUESTS FOR PRODUCTION**

#### **Regarding the Prefiled Rehearing Testimony of Dawn M. Hipp:**

1. The witness testifies, "DIUC provided invoices and documentation to support only \$53,726 in bond premium expenses."
  - a. Did the witness include the \$7,055.58 cost of the of the letter of credit required for the bonds? This cost is discussed in the Prefiled Rehearing Testimony of John Guastella (p.13) and evidenced by page 120 of Attachment to ORS 1-12.
2. The witness testifies on page 5 that "DIUC did not provide invoices to support approximately \$88,999 related to requested rate case expenses. Please identify the category or type of expenses that are included in the excluded amount of \$88,999.
3. The witness testifies that ORS recommends the Commission remove \$542,978 of Guastella Associates, LLC ("GA") invoices ("the GA invoices") submitted for rate case expenses because "in general" the GA invoices:
  - Contain mathematical errors;
  - Do not contain sufficient detail to describe the work performed, the specific dates and hours of work, employee name, and business purpose;
  - Contain expenses such as air fare, lodging, and meals for which no detail was provided; and
  - Do not appear to be paid by DIUC.
  - a. Please identify which the GA invoices ORS contends should be rejected for which reason(s).
  - b. Does ORS contend that DIUC is not obligated to pay the GA invoices? If so, please identify each of GA invoices that ORS contends DIUC is not obligated to pay the reason(s) why ORS asserts DIUC is not obligated to pay the same.
4. Does ORS contend that Accounts Payable, which includes changes not yet paid, are not expenses for inclusion in ratemaking analysis?

5. Did the witness apply any specific rule, policy, or other guideline in concluding the GA invoices were deficient? If so, please identify each such rule, policy, or other guideline and produce a copy of the same.
6. With regard to Exhibit DMH-5:
  - a. Identify who prepared the exhibit;
  - b. Produce all documents from which the data in the exhibit was obtained.
7. How did the witness obtain the data included in Exhibit DMH-5? If other persons assisted in obtaining the data or preparing the exhibit, please identify the person(s) and produce all documents related to the action(s) of the person(s). Pursuant to Instruction #9, this includes producing all associated correspondence and emails.
8. Did the witness or anyone at her direction do anything to verify:
  - a. The data included in Exhibit DMH-5? If so, please identify those actions.
  - b. The sources of the data included in Exhibit DMH-5? If so, please identify those actions.
9. The witness testifies on page 8 regarding Exhibit DMH-5 that "ORS's analysis as presented in Rehearing Exhibit DMH-5 indicates the dollar amount of management fees requested by DIUC are in excess of what other similarly situated investor-owned water and wastewater utilities pay for similar services." The Exhibit then references Harbor Island Utility and Kiawah Island Utility.
  - a. Please define the term "similarly situated" as it is employed by the witness.
  - b. Does ORS contend that Harbor Island Utility, Kiawah Island Utility, and Daufuskie Island Utility are "similarly situated" as that term is employed by the witness?
  - c. If so, please identify each fact or characteristic and provide all documents containing the data used to identify each fact or characteristic upon which the witness relied for her determination that Daufuskie Island Utility, Kiawah Island Utility, and/or Harbor Island Utility are similarly situated."
10. The witness testifies on page 8 regarding Exhibit DMH-5 "ORS calculated that, on a monthly basis, a DIUC customer would pay over \$30 per month for management services if the Commission approved DIUC's request. By comparison, Kiawah Island Utility, Inc. customers spend approximately \$7 per month for management services."
  - a. Please identify the person(s) at ORS who conducted the calculations and produce all documents used in the calculations Pursuant to Instruction #9, this includes producing all associated correspondence and emails.

11. At any time (before or after preparing Exhibit DMH-5), did the witness or anyone at her direction determine whether Kiawah Island Utility or Harbor Island Utility have or have not in the past four years:
  - a. Experienced any failure of water or sewer system(s)? If so, please identify the failure(s) by plant item and identify the scope of each failure.
  - b. Undertaken any financing? If so, please identify the provider of financing and the terms of the financing.
  - c. Been required to restructure or reorganize its corporate form or structure? If so, please identify the transactions and changes.
12. Did the witness or anyone at her direction identify facts or characteristics upon which it was determined that Daufuskie Island Utility, Kiawah Island Utility, and/or Harbor Island Utility are comparable? If so, please identify each fact or characteristic and provide all documents containing the data used to identify each fact or characteristic.

**Regarding the Prefiled Rehearing Testimony of Daniel F. Sullivan:**

13. The witness adopts “the testimony of Ivana Gearheart filed on October 2, 2015, taking into account the adjustments as set forth in South Carolina Supreme Court Opinion No. 27729.”
  - a. Does Mr. Sullivan also adopt the testimony of Ms. Gearheart provided at the hearing on October 28, 2015?
  - b. Does ORS adopt the testimony of Ms. Gearheart provided at the hearing on October 28, 2015?
14. Please provide an Excel file with all working formulas that “rolls forward” ORS’s accumulated depreciation and annual depreciation expense in support of those revenue requirement components, as reflected in Mr. Sullivan’s Exhibits DFS-1 through DFS-9.
15. If not included in response to the request above, please provide an Xcel file with working formulas for the attached depreciation schedule previously provided by ORS to DIUC. See Plant in Service / Depreciation Schedule attached as Exhibit One.
16. Why is ORS’s calculation of accumulated amortization of CIAC limited to the test year of 2014 while its revenue requirement includes the known and measurable changes through December 31, 2015?
17. Since the October 28, 2015, hearing in this matter, has ORS considered or analyzed any of the following regarding Guastella Associates (“GA”):
  - a. Whether GA does or does not perform the services as set forth in its management agreement with DIUC?

- b. Whether the management services performed by GA for DIUC are or are not necessary for the operation and management of DIUC?
- c. Whether GA is or is not qualified to perform the management services?
- d. Whether DIUC's customers have or have not benefitted from the management services provided by GA?

For each issue please indicate "yes" or "no." For any "yes" responses, please indicate ORS's conclusion and identify all documents considered or created during that analysis. Pursuant to Instruction #9, this includes producing all associated correspondence and emails.

18. Please produce all documents identified in response to the previous interrogatory.

By: /s/ Thomas P. Gressette, Jr.  
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ATTORNEYS FOR DAUFUSKIE  
ISLAND UTILITY COMPANY, INC.

November 20, 2017  
Charleston, South Carolina

**BEFORE  
THE PUBLIC SERVICE COMMISSION  
OF SOUTH CAROLINA**

**DOCKET NO. 2014-346-WS**

IN RE: Application of Daufuskie Island Utility Company, Inc.  
For Adjustment of Rates and Charges

**CERTIFICATE OF SERVICE**

This is to certify that I have caused to be served this day **APPLICANT'S SECOND SET OF INTERROGATORIES AND REQUESTS FOR PRODUCTION TO OFFICE OF REGULATORY STAFF** via electronic mail service as follows:

Andrew M. Bateman, Esq. ([abateman@regstaff.sc.gov](mailto:abateman@regstaff.sc.gov))  
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Adams & Reese, LLP

By: /s/ Thomas P. Gressette, Jr.  
Thomas P. Gressette, Jr.

November 20, 2017  
Charleston, South Carolina